# HUMAN EVENTS

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**Levelling or Hair Curling:** The war of the statisticians is on, and politicians of the two parties fiercely have at each other about the estimated depth, breadth and future of the recession.

President Eisenhower's optimism about "levelling off" rates in this category. Yet, old-timers who experienced both the Hoover and Roosevelt depressions cross their fingers.

They recall the crack of a veteran bureaucrat, Dr. Charles B. Hale: "People often continue to believe in statisticians long after they cease believing in Santa Claus."

The case of unemployment figures recalls that partisan motives in 1929-32 exploited the inadequate apparatus then available for gathering employment and other such statistics. Some observers claim that the late Senator Wagner first won a spotlight for his role in the partisan controversy over the number of those out of work under the Hoover regime. The smear techniques utilized by the clever Charlie Michelson, Democratic speech-writer — who really "did a job on Hoover," as public relations men put it — now appear to be enjoying a revival, directed at Eisenhower.

Hence, cooler opinion in the Capital turns to examination of the realities of the free market place and constructive measures which may produce normal business conditions within a short time — but which are not advanced, *a la* Keynes, as a guaranteed cure for all economic ills. HUMAN EVENTS, in a lead piece for August 17, 1957, warned of the onset of the present recession. In that item, we cited a concrete example of the market place discounting what did occur.

> **Most of the investment counsellors and trusts were then placing their portfolios on a 50-50 basis —50 per cent in stocks and 50 per cent in bonds. (A few months before, such portfolios were on the basis of about two-thirds in stocks, one-third in bonds.) Today, these investment people have their holdings in the same ratio as that of last August — 50-50. In short, fingers remain crossed.**

Meanwhile, earnest private talk, among Democrats and Republicans alike, comes down to this: In view of the complexity of the economic situation (and — it is constantly reiterated — economics is not a precise science), the best move to make would be to cut only high-bracket personal income taxes, corporation taxes and capital-gains taxes. Such action would provide the seed corn which could later provide sound business conditions and reduce unemployment levels.

Mass cuts of low-bracket income taxes would merely further distort the Budget, and the resulting consumer spending would not have any appreciable effect on the underlying problem. But under the impetus of cuts in the upper-income brackets (which provide a negligible percentage of Government revenues), the individuals and corporations benefitting would place the resultant savings into risk-capital investment — the seed corn.

Naturally, all this is private talk of politicos, for these gentry fear that demagogic "liberals" would call it a "favor the rich" policy. However, one courageous statesman, Representative Richard Simpson (R.-Pa), has come out proposing a 50 per cent cut in the capital-gains tax, a discredited mechanism which has been rejected by other Western democratic states (even the socialist Government of England would have none of it). Such a step, Simpson says, would not only provide more jobs, but would also result in a bigger tax take than is brought to the Treasury by the current inhibiting rate of 25 per cent.

*(As a constructive contribution to the fight against the recession,* HUMAN EVENTS *offers, in this week's Article Section, a piece by G. Keith Funston, President of the New York Stock Exchange, appraising means of eliminating or reducing this deleterious tax).*

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**Summit Simmers:** The average American citizen would be surprised and shocked if he knew the theme of some of the advice tendered to the President and Palace Guard by some "liberal"-minded White House visitors who are VIP's. The line, according to reports to HUMAN EVENTS, runs like this: "The world tide is toward welfare states all over the globe and socialism. In many respects, the outcome will be something, but not exactly, like the system in the Soviet Union. Why resist the wave of the future? Why risk total annihilation by the hydrogen bomb? It would be better to allow Moscow to exert world

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leadership, instead of putting up a hopeless fight for outworn western democracy."

Hence, activity goes on among the Palace Guard and propaganda persists in the "liberal" press in favor of a Summit meeting between Khrushchev and Eisenhower. Such elements count on Ike's physical weakness and diplomatic inexpertness (witness the disastrous Geneva meeting of 1955) to bring about appeasement of Khrushchev.

Dulles and Nixon combat such ideas and continue to stand firm against a Summit — so all reports indicate. But members of Congress, immersed in campaign troubles and recession problems, remain lethargic towards a "sense of the Senate" resolution against a Summit — which might prove effective in squelching any sudden White House decision in favor of such a controversial meeting. More signs of popular protest and clamor for an anti-Summit resolution obviously must be forthcoming before congressional action will follow.

**Cuba:** Washington continues to discuss the sputtering Cuban insurrection being led by the veteran pro-Communist revolutionary, Fidel Castro. Coverage in the American press seems confused and some of the reporting appears to be shaped by influences within the Castro camp. For instance, New York papers report a rigid press censorship by the Batista Government. Yet, copies of the February numbers of the principal Havana weekly newsmagazine, *Bohemia*, which have reached HUMAN EVENTS include some rather surprising anti-Government pieces. Well-informed people in the Capital think something has gone wrong with journalistic work on the whole Castro-Batista conflict.

What disturbs military men in Washington is Castro's known background of Communist associations (see HUMAN EVENTS for April 7, 1958) and the prospect of what he might do if, by any chance, he unseats Batista. Military men keep in the forefront of their minds the fact that the American Naval base on the island at Guantanamo was leased to the US many years ago by Cuba. In the hands of a man of the stripe of Castro, observers fear, a "pink" Cuban government might well move, through the United Nations, for abrogation of this treaty and ousting of the US from one of its chief hemispheric defenses. "Another Guatemala looms in the Caribbean," say military men here — mindful of the pro-Communist regime of Jacobo Arbenz Guzman in Guatemala in the years 1950-54.

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**VFW:** Alert researchers of the Veterans of Foreign Wars last week delivered a stinging blow to the forces of the left.

The VFW's authoritative newsletter, *Guardpost for Freedom*, edited by Francis J. McNamara, opened up a topic that has long stirred private speculation in the Capital — namely: how is it that left-wingers are so frequently able to get the ear of President Eisenhower, while conservatives can seldom penetrate his cocoon of protective staffmen, either to ask a boon or to proffer advice?

*Guardpost* offers a choice case in point: a dinner commemorating the 25th anniversary of the "Little Red Schoolhouse" in New York City recently was highlighted by a laudatory message from President Eisenhower, commending the school for "searching out new paths for the training of free citizens."

*Guardpost* points out that the officers and trustees of the "Little Red Schoolhouse" possess extensive Communist-front associations. The publication lists 15 instances of front affiliation and/or pro-Communist activity for the school's director, Randolph B. Smith, alone. Further, several of the school's officials, when questioned about Communist party membership, have resorted to the Fifth Amendment.

"President Eisenhower," comments *Guardpost*, "probably does not know the Little Red Schoolhouse from hundreds of other private schools in this country. A congratulatory message from the President of the US, however, is a prize eagerly sought after by many organizations and institutions, one that usually requires some 'pull'. . .

**"Who," the publication concludes, "is Smith's pipeline into the White House — and is that person just a gullible, uninformed innocent, or someone even more dangerous?"**

**Fallout Facts:** When the first wave of hysteria over radioactive fallout was propelled across the country by left-wing propagandists last year, this publication was one of the few that dug in and found the facts that punctured the scare headlines (see HUMAN EVENTS for June 1 and June 8, 1957). Since that time, a number of authorities in the field of atomic energy — notably Dr. Willard Libby, Dr. Ernest O. Lawrence and Dr. Edward Teller — have stepped forward to refute the claims of Communist-fronter Linus Pauling and those abetting his campaign against nuclear tests.

Now a noted British physicist, Nobel Prize-winner Sir George Paget Thomson, adds the weight of his authority to the arguments of those battling the fallout propaganda. Sir George, visiting in Washington last week, gave this statement to HUMAN EVENTS: "*I don't believe the possible dangers to health from fallout are sufficiently great to make this a serious consideration in deciding whether or not such tests should be continued.*"

**Labor Rackets:** Quickening conservatives to anger is the mounting evidence that Senate Labor Rackets Counsel Robert Kennedy not only favors Walter



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Reuther's UAW, but doesn't care who knows it. Igniting resentment were these incidents during the closing days of the Committee's hearings on the UAW:

1) During the testimony of Donald Rand — a UAW "international representative," who, because of his admissions and halting evasions, proved to be an extremely damaging witness to the union — Kennedy passed a note to the union's counsel, Joseph L. Rauh. The note said: "Rand, go home."

2) Shortly afterward, four Republican women attending the hearings heard Kennedy ask Rauh: "How're we doing?" (Both this incident and that concerning Rand were reported in *Newsweek* for March 31, 1958.)

3) During the brief hearings on the violence-ridden Perfect Circle strike, witnesses identified the responsible party in several violent incidents as one William Caldwell. Since Caldwell's name kept popping up, Senator Karl Mundt said: "The villain in this picture, if there is a villain, seems to be Mr. Caldwell. If he is available, I think we should have him."

After some further testimony, Chairman McClellan said to UAW attorney Rauh: "How soon can you get Mr. Caldwell here?"

"He was dismissed yesterday," Rauh answered, "and he is on his way back to Indianapolis . . ."

**When Mundt objected that Caldwell had not testified, Counsel Kennedy piped up with an explanation for the absence of this key witness: "I didn't feel he was necessary."**

**Farmers and Freedom:** Students of the tangled skein that goes by the name of America's "farm policy" await with keen interest resolution of the "test case" of rancher J. Evetts Haley, Jr., currently locked in a struggle with the Agriculture Department over wheat acreage allotments.

Haley, son of the former conservative candidate for the Governorship of Texas, is a rugged and uncompromising individualist. When the Agriculture Department offered him a bundle of subsidies for his cattle ranch in Sequoyah County, Oklahoma, he flatly refused.

Subsequently, when the Government attempted to fine him $500 for growing more wheat than had been assigned by local "stabilizers," he retorted that "inasmuch as I had never received or asked for Federal farm crop subsidy, the Government had no moral or constitutional right to tell me how to operate our place." (*Dan Smoot Report*, May 6, 1957.)

Haley also observed that all the wheat in question was fed to his cattle. Noting that the Fifth Amendment provides protection against Federal confiscation of property, he concluded: *"I want to see for myself if the guarantees of the Fifth Amendment apply with equal force to American cowboys and farmers, as to Communists and labor racketeers."*

**Morris:** Traditional Republicans emphasize the importance of New Jersey conservatives turning out in force, Tuesday, April 15, to cast a ballot for Judge Robert Morris in the Republican Senatorial primary. Morris' opponents are two Modern Republicans, both amply funded.

To the surprise of all observers, both in the Capital and the Garden State, Morris' vigorous campaign has frightened his two "liberal" opponents, who had thought they could safely ignore his bid for nomination. Conservatives hope that the Morris vote, as a result of his fighting campaign, will be substantial enough to throw a still bigger scare into the "moderns" attempting to secure their hold on the New Jersey GOP.

**Anti-Communist Award:** Fulton Lewis, Jr., will receive the annual award of the American Jewish League Against Communism at a luncheon, Monday, May 5. (Last year's recipient was Senator William F. Knowland.) Tickets: $7.50. Those wishing to attend should write Rabbi Benjamin Schultz, 220 W. 42nd Street, New York, N.Y.


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# Bureaucrats and the Brussels Fair

## Why America is Slated for a "Humiliation"

*By* DILLARD STOKES

By all accounts, April 17 will be a black day for this Nation, when the Universal and International Exposition of 1958 opens in Brussels. There before the scornful eyes of 30 or 40 million tourists America will suffer a shameful humiliation, a cultural debacle, a six months denigration of her prestige and pride.

Hundreds of these gloomy phrases in the "liberal" press add up to a forecast that the American way of life is about to be clobbered by alien rivals from Andorra to Yugoslavia. The forecast is being broadcast to put steam behind a high pressure drive to get another $2.5 million out of Congress.

Now this forecast probably is perfectly correct, and now is the time to see why. Next winter the bureaucrats are sure to come whooping back to Washington with official reports that they scored a stunning success after all.

It is hard to believe America is going to lay an egg at Brussels, when one recalls what Americans have done at other such fairs. Or what they do every year with local fetes — apple-blossom festivals, homecoming carnivals, the Mardi Gras, the Tournament of Roses, the auto shows and so on.

The Belgian invitations went out in 1954 at the height of the cold war. It took no deep vision to see Brussels as a battlefield of propaganda, a priceless chance to pit the American culture against the Red slave system, and also against a baker's dozen of serf (socialist) systems that are kept in business by American grants and "loans."

There was needed a commission, to line up a site, build a nation-wide net of state, local, professional and industrial committees, and then promote and coordinate their exhibits.

What a drama, for instance, the doctors, the universities and hospital associations could have made of American medicine.

Think what the steel industry, the movie people, the auto companies — to name but three—could have done to show what America makes, and how.

As for culture — the many, many cultures that are America — who knows how the people of Iowa, Louisiana, or Kentucky would have shown themselves. Would the Texans have wanted to send 10,000 longhorns? Or put up a cluster of oil rigs? Or both!

With Philadelphia sending its symphony, would Boston let Arthur Fiedler and the Pops be left behind? And so with Minneapolis, Louisville, Washington, and every city with a first-rate orchestra.

Exhibits by American industry of course would brush off the Voice of America hogwash about "People's Capitalism," and show the world the real, vital, free enterprise for private profit that built the country supposed to be on show. And the cultural showings got up by the people of the cities and states would not jibe with any highbrow Federal theme. They would just be authentic.

**Perhaps that is why nothing of the sort will be on view at Brussels. "The broad sweep of American life, the living traditions of America" shown there will be what the State Department in its wisdom determines to "need most to be emphasized abroad."**

For there is no fair commission, no local committees, no general participation at all. In fact, nothing was done for two years. Then the State Department got $12,345,000 from Congress, paid the Belgians $430,000 in taxes and blew $5 million on a modernistic pavilion. With the rest — and with infinite arrogance — the Department hired a designer and set out all by itself to tell the world what this opulent culture is, and what it means.

As did Russia and her vassal states, this Government barred private enterprise from taking part. The Belgians did not plan a trade fair, it was said, so there must be no commercial exhibits. (As though Americans hadn't invented the "soft sell"!)

- Some American companies did manage to get in the fair. Pan American Airways, Eastman Kodak, Bell Telephone Laboratories, IBM, Phillip Morris Overseas and Singer Sewing Machine will have their own pavilions, in the *Belgian* section, where they were able to — and were forced to — rent space.

*This the State Department says nothing about when it proudly lists them in its publicity as participants.*

- General Motors will be on display, too, *as a Belgian industry*. This is because cars are assembled in Belgium. And the fair's telecom and electronic equipment is American-made.

- The Belgian steel industry is making a pageant of its whole production process, from ingot to machined product. In fact, the entire Belgian manufacturing and commercial complex has been able to do a sales job, within the limitations of a "cultural" exhibition unmarred by huckstering.

- The Federation of British Industries will be selling everything from atomic knowhow (!) to Jaguars — all in a refined way, of course. The Russians will be showing locomotives, tractors, lathes, milling machines, acres of machine tools. The Germans, the Swedes, the Italians . . . none of them lacks an eye for the export trade.

Competing with all this, the greatest technology in the world will show a few models, a dozen propaganda movies cooked up for the purpose, a chaos of mockups, displays on Slum Clearance and Race Relations.

Even the planned live rattlesnake (now cancelled) wouldn't have saved the American show from being a flop. More millions, more hundreds of millions won't do it. No matter how good a job the bureaucrats do with the money, their exhibition will be a dull and clammy zombie.

For only living Americans acting freely can produce a living sample of American culture.



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Vol. XV, No. 15 HUMAN EVENTS April 14, 1958

**Article Section I**

# THE CASE AGAINST THE CAPITAL-GAINS TAX

## One Way to Fight the Recession

*By* G. KEITH FUNSTON
*President, New York Stock Exchange*

EDITOR'S NOTE: Publication of this article was inspired by an actual case history. Businessman 'A' established a business in 1936 with $10,000. Reaching the age of 65 a few months ago, he was favorably inclined toward an offer for the business of $420,000, made by an upcoming young firm. But his tax counsel warned him that his capital-gains tax on the transaction would amount to about $100,000. Businessman 'A' changed his mind. "Why," he asked, "should I sell out for 75 cents on the dollar?"

Collectivists, of course, would say: "Well, look at the big profit on his original capital. Why shouldn't he pay?" But in this case — as in many similar ones — the ownership of the business, if the sale had been made, would have passed into younger, more vigorous hands. New management would have taken over, willing to take risks and expand the business. This loss to the economy indicates one bad effect of the capital-gains tax: It tends to freeze the status quo in our business society.

Isn't this what "liberals" claim to oppose? Shouldn't they — if their often-expressed desire to help the younger generation is real — seek to correct this condition?

SEVERAL YEARS ago, a German official then visiting New York told me of his plans to boost output. He aimed to accomplish this, he said, by slashing income taxes, by eliminating the capital-gains tax and by substantially reducing the double tax on corporate dividends. In my wisdom and based on our experience in this country, I told him he was reaching for the moon. Very much to my astonishment, within six months this official had achieved *everything* he set out to do.

West Germany's great industrial boom today is a matter of record. And it is more than a coincidence, I think, that the visitor to Germany now finds that the maximum income tax is 55 per cent, compared to a maximum rate of 91 per cent in America; the German capital-gains tax has been abolished for all practical purposes; and the double tax on dividends has been eased so that corporations are encouraged to pay out a greater share of their earnings.

Thus, in an economic area where we hold ourselves to be experts, there is much we can still learn from overseas — particularly when it comes to encouraging venture capital.

Since stock is essentially a share in corporate earning power, there are only two ways it can return a profit: it pays dividends or its value in the market increases. In America today, we barricade both these avenues to risk-taking — by leveling a double tax on corporate dividends and by imposing a restrictive and inflexible tax on capital gains realized from the sale of stock.

The capital-gains tax is one of the harshest penalties on success ever devised. This tax imposes a levy of up to 25 per cent on the gains realized from the sale of securities held over six months. The effect of the tax is to choke the impulse to venture and to gain.

**Because it is self-imposed, it can be avoided by taking no action. It therefore locks the present investor in, and reduces the pool of risk capital available for newer and more venturesome projects. It breeds inertia and inaction, instead of providing greater incentives and greater mobility.**

As of this moment, American investors have over $200 billion of unrealized capital gains. This is potential growth money that is to a great extent locked in. Investors are unwillingly substituting the calendar for good judgment and holding some stocks long after they really want to. They are diminishing supplies of available stock, intensifying price movements, and being discouraged from switching into new ventures.

WHAT, THEN, is the solution? The most obvious is the elimination of the capital-gains tax. This is perhaps the most constructive and permanent step that could be taken to ease the plight of the locked-in investor and encourage a renewed flow of capital. And this solution is far less drastic than it may sound. Of 55 nations throughout the world that

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we have surveyed, 46 countries impose no capital-gains penalties on the public's profits from securities transactions. These include the financially sophisticated nations of Canada, Belgium, Switzerland, Great Britain and France. Faced with money-raising problems similar to our own, they recognize the harsh and destructive nature of this form of taxation.

It is one thing, of course, to propose a bold and sweeping program. It is another thing to bring it about. In the case of the capital-gains tax, there are two things of which we are aware. The first is that tax legislation often becomes the center of a violent emotional storm that does not necessarily bear on the real issues. The second is that changes develop slowly.

*In the face of these realities, and until elimination of the capital-gains tax has been achieved, the New York Stock Exchange has proposed a reduction in the holding period from six months to three, and a reduction in the tax bite itself from a top of 25 per cent to 12.5 per cent. The Exchange has urged these changes as reasonable and practical — designed to break the deadlock between the crushing demand for new equity capital and the repressive taxes which limit it.*

But today, we have reached another of those stages demanding new ideas and approaches. And one way of helping release locked-in capital might well be through a modest revision to the capital-gains tax section of the Internal Revenue Code. This revision would recognize a concept calling for the tax-deferred treatment of capital gains that are fully reinvested.

**Such a concept would recognize that the individual who sells one stock and fully reinvests the proceeds of that sale in another stock investment has not realized a real gain, even though under present laws it is taxable.**

As we see it, the full reinvestment treatment of capital gains would permit the individual taxpayer, at his option, to sell a stock on which he has a long-term capital gain without incurring an immediate tax — *providing he fully reinvests the proceeds of the sale in another single stock investment within 30 days.* Instead of paying a tax, the investor would carry forward the tax basis of his old stock holding to his new purchase. If the original capital plus the gains on his equity securities were not fully reinvested in compliance with these conditions, the unreinvested gain would be taxable under existing capital-gains tax provisions.

There is ample precedent for this proposal. The concept has existed in the tax laws since 1921, and has been broadened over the years. Since 1921 it has been possible to exchange like property such as commercial buildings, farms and other real estate, without incurring a capital-gains tax on the transaction. In 1951 this concept was expanded to include the sale of personal residences. In 1954 certain exchanges of insurance policies were given tax-free treatment. In addition, the tax-free exchange of stocks in various intracorporate transactions and in certain corporate reorganizations has been allowed for many years. Thus, what I have outlined for equity securities is simply another application of a procedure which has a basis in law. But it is one that can help meet the immediate needs of equity-minded corporations and investment-minded people.

YOU MAY WONDER what this full reinvestment treatment is likely to accomplish. It would, I believe, give the investor free rein to exercise his judgment in the purchase and sale of equity securities. It would so energize the flow of venture capital as to move us a giant step closer towards meeting industry's capital needs. And, finally, it would prove again that the American economic system has achieved its eminence because, above all else, it is adaptable — capable of meeting changes however swift, and challenges however demanding.

The period ahead, of course, poses subtle dangers — one of the worst of which is probably frustration. The American economy must not find itself locked in, cramped or unable to expand.

*Like all things of value, the future has a price tag. It reads: $360 billion. This is the amount of capital American corporations will have to raise — the financial energy they must generate — to acquire just the plant capacity needed to meet 1965 goals. Earlier, we had put the figure at $35 billion a year — but now the demands of the space age have forced us to raise our sights even higher, to $45 billion annually.*

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**Article Section II**

# A REPUBLICAN CONGRESSMAN LOOKS AT HIS PARTY

## The Time for a Conservative Counterattack Has Arrived

The author of this article, who wishes to be unnamed, is a distinguished Midwestern Republican who has long been a respected Member of Congress. His thought reflects that of the majority of Republicans in Congress who, because of Administration pressures, have often been forced to vote against their convictions.

THOSE OF US who have long been identified with the Republican party have wondered many times during the past three or four years just what is the present basic objective of the Republican party and on what side of the road we are to travel.

In the past we as Republicans have always believed in our party principles. We adhered to them because we were the party of the Great Middle Class of America — common every day citizens, home owners. Our ideals were based upon our American heritage. As a party, we had long advocated the basic principles of a free enterprise America.

But, in the 1948 national campaign, something happened. Tom Dewey's "liberal" party line just took over. After the Truman victory, the "liberal" thinkers in the Republican party became still more dominant (yet it is to be noted that very few dyed-in-the-wool "liberal" Republicans were elected, either to the House of Representatives or to the Senate). Since 1948, pressure from many sources has been placed on Republicans in both Houses of Congress to travel the "Liberal, Spending, Giveaway Road."

(There are still a number of Republican Members of Congress who will not surrender their beliefs on foreign aid and reciprocal trade, Federal aid to education, public housing and many other spending measures, as advocated by the present Administration.)

The American people demonstrated in 1952 they wanted a change from an extravagant, wildly planned economy (just plain socialism); a Republican President and a Republican Congress were elected. What happened? We began to hear about a new Republican concept of government: "middle of the road"; a guided economy through controlled Government spending, *etc.* The Modern Republicans simply followed the siren songs of the Democrats, namely: "We will erase poverty, discrimination and all suffering from every source" — and rake in the votes.

*This panacea was accepted by a lot of people. But out in the hinterlands and in faraway rural areas, questions were beginning to be asked: "How can we afford all this?" "How can the debt continue to climb?" "Don't we have to pay it?" But, of course, columnists, radio commentators and big newspapers simply pointed out how prosperous we all were, that in another ten years we would increase the standard of living another tenfold. But something went wrong — and the Modern Republicans still can't understand the whys of the recession* that has intruded upon their dreams of a perpetual inflationary boom.*

Republicans have always tried to point out that freedom of opportunity is the most important factor in any government. And there isn't a Republican Member in the Congress today but who will tell you — if he thinks no one is looking or listening — that the Republican party can't succeed half-free enterprise and half-socialistic. This is especially true when the socialistic group has the power to make the rules and appointments to office. Who gets the appointments to high Federal office under the present Administration? What must be an appointee's qualifications?

The answer, in view of most previous appointments, is simple. "He must be a man with an acute consciousness of the need for world-wide international programs," and one who is motivated by collectivistic ideals — all paid for with American tax dollars.

Most of these appointees — who rate a chauffeur with their jobs — would be hard pressed to establish more than a passing acquaintance with the Republican party. Almost all of them in their first public statement talk about America's "responsibility" to the world. They tell us we must give up our ancient traditions because they conflict with our obligations to the "new world of tomorrow."

AND THE TRAGEDY of all this is that there aren't 50 Republicans in the House and Senate who will refuse to go along with this "modernism"; and because they call themselves "friends of the people," they hope some political hack will start singing, "What a man, what a statesman, always working for the welfare of the people."

One of the most glaring faults of the Modern Republicans in the present Administration is that they believe they can win with a nonpartisan political organization. But a political organization can't be

*One contributing factor is that we have subsidized the foreign farmer through our aid programs so that he can take our markets away from us all over the world.

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built that way. In the struggle betwen the two major parties, it would seem abundantly clear that, if the Republicans are to win, they must be on the offensive, instead of the defensive. You can't win a battle with an opponent if you give him the choice of weapons, both on the defense and offense. The battle to re-establish a solvent constitutional republican form of Government in the United States can't be won unless we, as Republicans, stand on the moral principles of our well-known, long-established party heritage.

THE PLAIN, bold facts are that these political expediency formulas will not work for Republicans, just as they have not worked for the Democrats in the past 20 years. Here is what the figures show:

DEMOCRAT VOTE FOR PRESIDENT (IN MILLIONS)

| | |
|---|---|
| 1936 — 27.5 | 1948 — 26.4 |
| 1940 — 27.2 | 1952 — 27.3 |
| 1944 — 25.6 | 1956 — 25.7 |

If the Democrats could not increase their vote in the last 20 years, why should the Modern Republicans think they can be successful by adopting and expanding the social planning theories of the New and Fair Deals?

(Also, it is to be noted that pressures from the "liberal" Republican party organization, as well as discouragement and death, have reduced the numbers of conservative Members of Congress — but only in rare instances has a conservative Republican been beaten at the polls.)

In the Modern Republican drive for power, everything possible has been done to destroy, discourage and embarrass any Member of Congress who has tried to adhere to our ancient heritage of Republican faith. Republican Members in Congress are told: "If you don't support foreign aid, reciprocal trade agreements, *etc.*, the roof is liable to fall in on you; and we will do nothing from an Administration standpoint to help you."

And where does the Modern Republican philosophy leave the citizens of America who decry and disbelieve socialistic theories of government? The great mass of citizens simply have no alternative party to carry out their conservative wishes.

Today, in the spring months of 1958, the real Republican party of America is ripe for leadership from "out in front," rather than a pushing from the top down. There are several potential "heirs" of Robert Taft and Douglas MacArthur available, and with the help of the American middle class, we can regain control of our party. Here are some steps we ought to take:

- *As Republicans we should state that we will protect our constitutional framework of states' rights and responsibilities, however weakened it may be at the present time from the attempts of termites to undermine it.*

- As Republicans let us repudiate once and for all the idea that America is big enough, strong enough, to carry the whole world on its shoulders. As Republicans we should always remember that there is no security for anyone in a bankrupt nation. Not even America can survive when bankrupt.

- *We should expose to public view the attempts of many members of the press, radio and TV to smear and ridicule conservative members of the Republican party at the national, state and local levels.*

- We must adopt, as a basic principle of party faith, the idea that the strength of America is the home owner, and that inflation caused by excessive wage demands of the big labor bosses is deadly to those citizens living on fixed incomes.

- *The party must refrain from indulging in racial or religious differences or attempting to gain the support of small splinter minority groups who attempt to sell their support to the highest bidder.*

- We should carry out one of the main planks in our 1952 Republican platform, which stated: "We shall see to it that no treaty or agreement with other countries deprives our citizens of the rights guaranteed them by the Federal Constitution."

- *We must gain back the confidence and support of the American farmer. We must show him that only in a free, solvent America can American agriculture prosper; and that the wooing of him by honeyed phrases of the labor bosses means eventual domination of the farmer by these bosses.*

What this country needs is not a third party, but a rebuilt Republican party — a party that will boldly proclaim that it will not support a social engineering plan for a welfare state, financed by tax dollars. We Republicans must declare that we believe in freedom and competition; that this Nation cannot exist, half-free enterprise and half-socialist; that welfare planners and social engineers cannot manipulate us into a "guided democracy." And finally, that we, as Republicans, abhor the internationalist-socialist concept that America must throw off the wise restrictions of its written Constitution, and act as a combination rich uncle and repairman for the entire world.

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